



June 17, 2003

Marlene Dortch, FCC Secretary &
Monica Desai, Media Bureau

Federal Communications Commission
445 12th Street SW
Washington, DC 20554

To The FCC

Please include this letter in the record for FCC 07-32, MB 07-51

I would like help the FCC understand why Exclusive Contracts for the provision of TV services are important to promoting competition in the cable TV industry. Exclusive Contracts give small cable operators the necessary security to support a capital investment in the infrastructure (wires and equipment) that is required to provide TV services to a community. In other words, when a smaller company offers a competitive service to the local cable TV company, we must evaluate the investment required to install an entire TV system in that community and then weigh that investment against the projected revenue (return). Without an Exclusive Contract, the projected revenue will be significantly lowered and will make most, if not all, projects too risky to allocate the capital. In effect, by eliminating Exclusive Contracts, you are eliminating the competition.

It is important to also understand that the local franchise cable TV company is not required to make the same level of investment because their cable system is already installed somewhere in the city. They simply need to "connect" their existing system to that community. In contrast, a competing service provider must build an entire system within that community resulting in a much larger investment. In effect, the franchise providers have an unfair advantage.

Thank you for your consideration of the serious negative effect that eliminating Exclusive Contracts will have on cable TV competition.

Sincerely,

Scott Musgrave
President, Digital Streets